listening are

Here's what we've heard

A summary of Albertans' views on the Policy Statement on Surgical Services

February 2000

Health care is the number one issue on the minds of many Albertans. We all want a health system we can count on ... a system that provides the services we need when we need them ... a system that leads the way in helping Albertans stay healthy.

The question is how do we do that? How do we build and sustain a health system we can count on, especially when Alberta's population is growing, we're aging, and the costs of new treatments are increasing dramatically.

In Alberta today, doctors, nurses, other health professionals and regional health authorities are all working hard to find answers to those questions and to meet the growing expectations of Alberta's health system. But the reality is that waiting times are too long for many critical services. Resources are stretched to the limit in spite of the fact that government has added over a billion dollars to the health system since 1995. It's time to consider all the options and decide what we want to do to sustain Alberta's health system for the future.

In November 1999, Premier Ralph Klein kicked off a province-wide discussion of one of those options – contracting out some surgical services.

Across the province, thousands of Albertans have read the proposed policy statement, asked questions, debated with their family members and friends, and let us know what they think. We've heard three consistent messages ...

- We need more information.
- We do not want a two-tier health system.
- We're prepared to look at new options. The status quo – simply doing more of the same – is not the answer.

This summary outlines the comments we have heard, the key questions people are asking and responds to the call for more information.

In the coming weeks, we'll keep listening to Albertans. And we're counting on your advice to help us make the right decisions. This spring, the legislation containing this policy direction will be debated in the Legislative Assembly. We encourage all Albertans to learn more about the proposed policy direction, ask questions, talk with your MLA and your regional health authority, and let us know what you think.

Why do we need legislation on contracting out surgical services?

Lots of people are asking, "Why?" "Why do we need legislation on contracting out surgical services?"

We need legislation for three reasons.

First, there currently is no legislation on private surgical clinics. If a private surgical clinic wants to do surgeries that require their patients to stay overnight to recover, there's no legislation setting out who decides whether they can do it or not, and what requirements they would have to meet. The College of Physicians and Surgeons of Alberta has to accredit the clinic to ensure it meets clinical standards. However, accountability for the health system lies with the government. And it doesn't make sense for the college to make decisions about whether Alberta has private surgery clinics or not. The decisions are just too important.

With new legislation, the rules would be clear. The provincial government would be responsible and accountable for decisions. It would have the authority to protect the public health system by prohibiting, restricting or controlling private surgical clinics. It would ensure that the requirements of the *Canada Health Act* are met.

Second, we currently have some surgical clinics offering uninsured services, like cosmetic surgery, but there isn't clear legislation in place. Under the proposed legislation, regional health authorities will be responsible for coordinating **any** surgeries that require an extended stay for recovery. This will help integrate those surgeries with any care that may be required in the public system.

Finally, we need to consider new solutions to relieve pressures in the health system. People wait too long for many surgeries and it creates stress for patients, their families and the health system. Contracting out some surgeries under tight controls and standards is one way of addressing those waiting times and sustaining the public health system.

> ***"We cannot keep doing the same old things just because they worked a number of years ago."***
>
> ***Quote from Albertan received by the government***

> ***"Canada's system of medicare will not be able to provide Canadians with timely access to quality care in the years to come unless it is renewed substantially through innovation and collaboration. I believe the status quo is not an option."***
>
> ***Honourable Allan Rock, Federal Health Minister***

What does the proposed policy actually say?

There is a lot of confusion about what the proposed policy says and what it's supposed to do. Some opponents of the policy are telling Albertans this is the first step toward two-tiered, American-style medicine. It isn't.

The proposed policy is about one option – allowing regional health authorities to contract out certain surgeries with private surgical clinics. The goal is straightforward: to reduce waiting times, increase overall efficiency and effectiveness.

Under the proposed policy ...

- There will be no private clinics operating outside the control of the public health system.
- There will be no parallel health system.
- Your doctor will continue to determine the care you need.
- No one will be required to pay for medically necessary surgeries provided in private clinics.
- No one will be able to jump the queue.
- Private surgical clinics won't be allowed to charge fees for insured services.
- There will still be a "single payer" system. All insured services will be paid for by the Alberta Health Care Insurance Plan. No one will need private insurance to get medically necessary health services.

The proposed policy will be consistent with the principles of the *Canada Health Act*. And those principles will be incorporated in the new legislation.

How will the proposed policy work?

- All Albertans will have access to insured surgical services on a fair and equitable basis through the publicly funded and publicly administered health system.
- Regional health authorities are responsible for delivering all insured surgical services.

  They could choose to continue to provide all those services themselves.
  OR
  They could choose to contract for certain surgeries with a private surgical clinic.
- The College of Physicians and Surgeons of Alberta would have to agree that these surgical services could safely be done outside a full service hospital.
- All contracts between a regional health authority and a private surgical clinic would have to be approved by the Minister of Health and Wellness.

What is an insured service?

"Those physician and hospital services generally accepted by the medical community as having been proven to be medically necessary and effective for the treatment of illness or injury, and that the Minister agrees should be included within the scope of the plan."

- Contracts would have to meet certain criteria before they would be approved. The Minister would need to consider these questions for each contract:

  Does it meet the requirements of the legislation and is it consistent with the *Canada Health Act*?

  What are the current and future needs for the particular surgeries involved in the contract?

  What impact will the contract have on the publicly funded health system?

  Does it pose a threat to the public system?

  What are the demonstrated benefits of the proposed contract? Will it improve access? Will it be cost effective?

  What is the cost of the contract and can the regional health authority afford it?

  Is there a stated commitment to quality results and outcomes? Are they contractually committed to measuring their results and providing that information to the Minister of Health and Wellness and the regional health authority?

  Would the public interest be served by the contract?

- All private surgical clinics would have to be accredited by the College of Physicians and Surgeons of Alberta to make sure they meet clinical standards. If the private clinics don't maintain their accreditation, their contracts can be terminated.
- The Minister's reasons for approving the contract would be public. Key information about the contracts will also be public.
- The Minister can terminate the contract if the conditions of approval are not met.
- For uninsured services – health services that are not covered by the Alberta Health Care Insurance Plan such as cosmetic surgery – regional health authorities will be responsible for coordinating any surgeries that require an extended stay for recovery. The private surgical clinic would require the approval of the Minister based on answers to the same types of questions for insured services.

Those are the basics.

What do Albertans think and what questions do they have?

Albertans respond to a province-wide survey

Early in December, 1,000 Albertans responded to a survey conducted by Environics West.

This is what people said:

More than half said they agreed with government's proposal to contract out surgeries under certain specific rules and conditions.

- 59% said they agreed with government's proposal to contract out surgical services.
- Support was strongest in Calgary. 69% said they strongly or somewhat support the proposal.
- Support was lowest in Edmonton. 51% said they strongly or somewhat support the proposal.
- In cities like Lethbridge, Red Deer, Medicine Hat, Grande Prairie and Fort McMurray, 57% said they strongly or somewhat support the proposal.
- In rural communities, support ranges from 67% in southern Alberta communities to 56% in northern communities.

Most people think contracting out certain surgeries would reduce waiting lists.

- 72% said they believe contracting out surgeries would reduce waiting lists.
- 77% of Calgary respondents think waiting lists will go down.
- 69% of Edmonton respondents think waiting lists will go down.
- In other cities, 69% said they think waiting lists will go down.
- In rural communities, 74% of people in central Alberta said they think waiting lists will go down compared with 72% of people in southern communities and 69% of people in northern communities.

About half the respondents think contracting out surgeries means the health system will operate more efficiently.

- 56% believe the system will be more efficient if certain surgical services are contracted out.
- The responses range from 65% of Calgarians who think the system will be more efficient to half of Edmontonians, 52% of people in other cities, 56% of people in southern rural communities, 55% of people in northern rural communities and 52% of people in central rural communities.

Respondents aren't convinced that people won't have to pay more for health services that are contracted out.

- 46% strongly or somewhat agree that people won't have to pay more for services that are contracted out.
- 53% of respondents in Calgary think people won't have to pay more compared with 41% of respondents from Edmonton.
- In other cities and rural communities, the number of people who think people won't have to pay more ranges from 41% to 47%.

Respondents also aren't convinced that richer people won't be able to jump the queue because they have more money.

- 47% said they strongly or somewhat agree that richer people won't be able to move up the waiting list.
- 55% of people in Calgary think richer people won't be able to jump the queue compared with 40% of respondents from Edmonton and 46% of respondents in other cities. In rural communities, the number of people who think richer people will be able to move up the list ranges from 43% to 50%.

People know some health services are currently contracted out, but most don't know how many services are contracted out.

- About a quarter of respondents said they knew some services were contracted out, but they had no idea what percentage that would be.
- 19% of people said that 6 – 10% of current health services were contracted out.
- 16% said they thought over 25% of services were contracted out.
- 14% said about 1 – 5% of services were contracted out.
- 12% said 16 – 20% of services were contracted out.

In fact, regional health authorities contract out about 26% of all the services they provide. This includes services such as long term care, diagnostic and therapeutic care, acute care, surgical and medical treatments, home and community care.

A large majority of respondents said they don't have enough information on the issue.

- About three-quarters of all respondents said they don't have enough information on the proposal to contract out certain surgeries.
- That ranges from 79% of respondents in smaller cities to 68% of respondents from Calgary.

People's views are divided

Many people are saying, "Let's give it a try."

Among them are people who are waiting for surgery, physicians frustrated with the long wait their patients face, and people who are worried about the future of the health system. They are all saying we need to try different ways of providing essential health services. They support the option of contracting out surgeries as long as there are clear rules in place.

Here's a sample of what those people are saying in their e-mails and letters to the government:

> ***"I think what you are doing with regards to private health care seems to be okay, but you must make very sure that no Albertan is turned down for contracted out procedures to these hospitals."***
>
> ***"I support any change that would improve the chances of receiving better and faster health care."***
>
> ***"Adding an element of private sector competition within a publicly funded hospital system is a novel and probably worthwhile idea."***
>
> ***"Despite the fear mongering and reports that innovations to Alberta's health care system will lead to a two-tiered, American-style health care model, we are convinced that the objective of allowing the private sector to complement services offered by public providers is good medicine for our health care system."***

Others have expressed serious reservations. In spite of reassurances in the policy statement, they're worried this step could lead to two-tiered, American-styled health care.

Here's a sample of what people who oppose the policy are saying:

> ***"In spite of its flaws, our Canadian health system is one of the best in the world and the envy of many. Don't lead us down the path of private, for-profit health care."***
>
> ***"I believe these measures will start us on the slippery slope to privatization of health care and/or a two-tiered system."***
>
> ***"Contracted out overnight surgical services will be the thin edge of the wedge and before long our public hospitals will be vulnerable to takeover by large American hospital corporations..."***

"Although the Premier and yourself have stressed the fact that contracting out to private surgical facilities will not create a two-tiered system, or allow queue jumping, I do not think that you can really ensure that in 10 years, it really will be the situation."

People want answers to basic questions

Consistently, people have said they want more information and they want answers to basic questions. These are the most common questions people are asking.

Why not just put more money into the system and open more beds?

By 2003-04, Ottawa will have cut $35 billion from the Canada Health and Social Transfer funding in less than 10 years.

From 1992 to 1998, the federal cash contributions to Alberta declined from $800 million to $434.7 million, a decrease of 45.7%.

In fact, we've being doing just that – spending more money and opening more beds. In the past four years, spending on health has increased by over $1.5 billion – an increase of over 40%. This is despite the fact that federal transfer payments to support health and social programs have fallen by almost 30% since 1995.

In Alberta, spending will increase by close to 10% in this year alone. We've never spent more on health care than we're spending today.

The number of beds has also gone up. In Calgary, they have more beds open and staffed than they did in 1994-95. That's in spite of the fact that they closed three hospitals. In 1999-2000, the Capital Health Authority has opened 100 new permanent acute care beds and 150 new permanent continuing care beds.

In spite of these steps, there continue to be long waiting lists for important surgeries – especially joint replacements. Because waiting lists depend on operating room availability as much as they do on the availability of beds.

Under the proposed policy, regional health authorities would have a choice in how to use their resources and their beds. They could choose to open more beds. Or they could choose to contract with private surgical clinics for some of their surgeries and use their own beds and facilities for more complex and urgent surgeries.

The proposed policy just provides one more option for regional health authorities to consider.

"Though I do feel perhaps too much money was taken away from the system in the early 1990s (and I was a casualty of those cutbacks), I don't believe just throwing more money into an inefficient system is the answer either."

Quote from Albertan received by government

Government caused the problem by closing hospitals and beds. Why not just re-open the beds that are sitting empty?

"Bringing the Bow Valley Centre up to current patient care standards would have cost a minimum of $180 million, and up to $210 million in renovation costs. Closing the BVC netted savings of more than $17.5 million a year in operating costs. Had these decisions not been made, other projects now underway or planned would not have gone ahead, including four long-term care centres, the Colonel Belcher Care Centre, and the Alberta Children's Hospital redevelopment."

Calgary Regional Health Authority

Many people over-estimate the number of hospitals and hospital beds that were closed as part of government's determination to balance the budget. In fact, only six hospitals in the province were closed, while 19 others were converted to either community health centres or long term care centres.

Calgary now has more beds open and staffed than they did before they closed three hospitals in the city. In Edmonton, one hospital closed but a new Northeast Community Health Centre has opened, adding emergency services and comprehensive care for people in an under-served part of the city. Beds have also been re-opened at the Grey Nuns, Leduc and Sturgeon Hospitals.

Re-opening beds is not as easy as it sounds, nor is it necessarily the best answer. In some cases, there would be extensive renovation costs. In other cases, regional health authorities are looking for other solutions ... solutions like more but smaller emergency care clinics to supplement the current emergency rooms, more streamlined services in existing hospitals, and more emphasis on home and community care, and disease and injury prevention. Giving regional health authorities the flexibility to contract out some surgical services gives them one more option to consider.

"In general terms, I agree with 'thinking outside the box' in trying to solve the funding issues that are a part of health care. However, I don't think we should re-invent the wheel and not pay attention to other's experience. Perhaps we should be looking at what other countries are doing with their health care system."

Quote from Albertan received by government

Where is the proof that using these surgical clinics will save money?

Many studies have been done comparing the U.S. health system to the Canadian system. Those studies consistently show that the U.S system costs more, especially in administration. But this proposal is not about U.S. style health care. No one is advocating the U.S. approach for Alberta. We support the Canadian approach to health care.

There also are some studies comparing the costs of private for-profit hospitals in the U.S. with the cost of publicly administered hospitals in Canada. Again, that's not what this proposal is about. And there are studies comparing public hospitals in other countries with private hospitals in these countries. These studies show mixed results when comparing things like cost and quality. We are not making the case that the public system is inefficient. Nor are we saying that the private sector is always better. We are arguing for the public/private mix that is already part of Canada's health system.

We're not aware of studies that compare the cost of contracting out certain surgical procedures with the cost of adding small surgical suites to the public system to do the same procedures. However, we believe it is possible to improve effectiveness and efficiency through competition. And the contracting process will have to make the case.

In Alberta today, certain eye surgeries are contracted out, and the costs are similar in both the public and private systems. But with added capacity, we're more able to meet the demands for services. A recent report by the Fraser Institute looked at 15 other studies published in journals, such as the *New England Journal of Medicine* and the *Journal of Health Economics*. That analysis concluded that Alberta's proposal could lower costs and increase access.

> ***"There is a substantial and encouraging base of evidence that the Alberta plan will lower hospital costs and benefit consumers, by making their tax dollars go farther, and as a result, increasing their access to medical care."***
>
> ***Public Policy Sources Number 35, The Fraser Institute.***
> ***www.fraserinstitute.ca/publications/pps/35/***

The key objective of the proposal is to reduce waiting times. If contracting out certain surgeries remains under the control and within the budgets of the regional health authorities, they can decide whether it makes good sense to contract out some surgeries and use their own facilities for other procedures.

Each contract proposal would be reviewed carefully. Each proposal would have to show a net benefit and give consideration to reduced waiting times or improved efficiency. Each contract would also be evaluated to see if it meets the objectives that were set out in the legislation.

After a few years, we would have the evidence to show whether contracting out meets the objectives. If it doesn't shorten waiting times or add value for Albertans by improving efficiency, further contracts would not be approved.

Will we continue to have a single payer, publicly administered health care system?

Yes. This proposal is about contracting out for certain surgeries – nothing more and nothing less. The surgeries are still paid for with public funding. And all the funding for surgeries is controlled by regional health authorities – whether the surgeries are performed in one of their hospitals or a private surgical clinic.

That's the key difference from two-tiered health care. Under a two-tiered system, there are two separate routes a person can take – a public one and a private one. Under the private one, a person or their private insurance company pays for the services they receive. Under the public system, the services are

paid for by the government. A two-tiered system is definitely not being considered in Alberta.

Alberta's system will continue to be publicly funded and publicly administered, and there will only be one payer (i.e. one tier) for medically necessary physician and hospital services – the government and health authorities.

> ***"I have just read the policy statement on the delivery of surgical services in Alberta. I agree with and support the policy. I also agree that by taking this step it will ensure that we will not be heading towards a two tired system of health care in Alberta, something I would never support."***
>
> ***Quote from Albertan received by government***

If the private sector gets a foothold in Alberta, won't it just be a matter of time before it expands and we have a two-tiered system? Won't this open the door for big American health care companies to open up in Alberta?

No, because Albertans and their government won't let that happen. It's not what anyone wants.

Surgical clinics will only be able to provide services under a contract or agreement with the public health system. The limits will be set in legislation. The publicly administered health system will have total control over whether services are provided in a private clinic and what kinds of services are allowed.

Some have suggested that the proposed policy will open the door to American companies through the conditions of the North American Free Trade Agreement. The answer is, ***"It won't."*** The North American Free Trade Agreement includes a clause that allows the federal and provincial governments to protect the publicly funded health system. Private clinics are already operating in Canada; there is no evidence that they are a threat to the protection provided by this clause.

How would patients be protected from pressures to pay for additional goods and services?

Pressuring patients to accept and pay for unnecessary goods and services is against the code of professional conduct for doctors. And charging patients for insured services is against the law. No patient will be refused insured services because they are unwilling to pay for enhanced or additional services.

Today, patients in public hospitals or private clinics can make choices about the services they receive. If you break your arm, you can get a plaster cast for free or you can pay a few dollars for a fibreglass one. The fibreglass one is lighter

but they both protect your arm while it's healing. The same is true for cataract surgery. People can choose to pay for a more expensive implant, but if they don't, the basic implant will still fix their cataract problem.

Won't this lead to pressure from the private sector to deinsure services that are currently paid for in the public system?

The government has no plans to deinsure services and has not deinsured any services since 1995. The *Canada Health Act* requires that all medically necessary physician and hospital services are publicly funded and publicly administered. The proposed legislation will reflect that requirement.

In fact, Alberta already fully or partially covers an extensive array of services that are **not** required under the *Canada Health Act*. That includes services like home care, long term care, immunization for children, mental health services, health promotion and injury prevention, respite care, palliative care, physical therapy and many others. Those services will continue to be covered in Alberta even though they are **not** required by the *Canada Health Act*.

If private surgical clinics can't charge extra, how will they be able to make a profit?

Regional health authorities will decide how much they are willing to pay for services provided by private surgical clinics. Within that amount, it's up to private surgical clinics to cover their costs. Some cost savings may be possible in private surgical clinics because they are able to specialize in certain types of surgeries while, in the public system, the full range of services must be available, and that often also results in higher administration costs. Private surgical clinics could have lower administrative costs due to the small size of their operation, or they could use their staff in different ways. What they could not do is lower the quality of care provided, because they would have to meet the standards set out in their contract. Private surgical clinics would also be able to provide services that are not medically necessary and not covered by the public health system such as cosmetic surgery.

Can't we just make the public system more efficient?

People in the health system are working hard to do just that – to streamline their services, make the best use of resources, and search for new and better ways of meeting growing demands. That work will continue. Contracting out has worked for other sectors and is working elsewhere in the health system. There is no reason that with careful planning and management it can't work here.

If a private surgical clinic specializes in a certain kind of service (i.e. some general day surgery procedures) it can develop efficiencies and take pressure off the public system. It could free up expensive operating rooms in full service

hospitals for more complex surgeries. And it could encourage the public system to become even more efficient.

Moreover, because they are able to access private sources of capital, private operators may be able to make additional surgical capacity available earlier than would be possible through government budgets. In effect, the health authorities would be leasing space.

"The health care system needs to make better use of the resources it has and I truly believe that contracting out can go a long way to achieving that."

Quote from Albertan received by government

How can you assure us that "the rich" won't be able to jump the queue?

"This is not to help the rich. This is to help all Albertans to access the best treatment in the shortest time."
Quote from Albertan received by government

Doctors will decide who gets treatment, where and when. They'll decide based on who has the most pressing needs. People won't be able to pay for services to jump the queue. And regional health authorities will manage the waiting lists, not the private clinics.

Many people make comparisons with MRIs. Today, people can wait their turn for a MRI in the public system, or they can pay extra and get a MRI from a private clinic. MRIs operating outside a public hospital are considered to be an uninsured service. That won't be the case for private surgeries. The policy is talking about how to deliver insured services. No one will be able to pay extra to get quicker service. The legislation will make it against the law to pay for services to jump the queue.

Would private clinics hire their own doctors and nurses? How will they be paid?

Yes, private clinics would hire their own doctors and nurses. Under the proposal, doctors would continue to get paid as they do today. Most are paid on a fee-for-service basis by the government, but there are opportunities for them to be paid on salary or through contract with a health authority or a private facility. Those choices are up to the doctors involved. Doctors would be able to work both in public hospitals and in private clinics. Either way, they would be working in the publicly funded system, doing surgery on behalf of the public system, and paid by the public system at the same rate for the same procedure regardless of where the surgery was performed.

Nurses and other caregivers would be hired by private surgical clinics and would be paid directly by the private clinic. The salary levels, benefits and other arrangements would be part of an agreement between the clinic and the people it hires.

How will they find nurses and doctors if there's a shortage?

Private surgical clinics would need to recruit their own staff, and they may face some of the same difficulties as regional health authorities. The number of doctors and nurses working in Alberta has been increasing significantly over the past several years but there continue to be shortages in some areas. This is an issue that health authorities will need to consider carefully when considering a contract. If there was a negative impact on a regional health authority, a contract would not be approved.

What do you think?

This is what we've heard from Albertans so far. As the debate continues, there will be strong and emotional arguments both for and against.

We want to know what you think. It's an important decision and we're counting on Albertans to make their views known.

If you have additional questions, want more information, or want to express your view, please contact:

Alberta Connects at 310-4455 Monday through Friday

Or the Alberta Health and Wellness web site at www.health.gov.ab.ca

Fax: (780) 427-1171

Email: ahinform@health.gov.ab.ca